

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2000 - SB 2273**

February 17, 2014

**SUMMARY OF BILL:** Requires local education agencies (LEAs) to allocate state Basic Education Program (BEP) funding received by the LEAs to state-licensed residential mental health facilities on a prorated daily basis for a student's length of stay. Removes the requirement that LEAs send local BEP funding to such facilities. Requires academic instructors and facility staff to meet all licensure, endorsement, and training requirements as specified in state and federal law. Prohibits the physician who signs an admitting order for a student to enter a residential mental facility from being an employee of the corporation or agency that exercises ownership or control of the facility. Requires an admitting physician to attest that the need for a medical necessity admission to a mental health facility was made prior to the student being admitted to the facility. Requires state-licensed residential mental facilities acting as Category I special schools to comply with the requirements of Tenn. Code Ann. Title 49, Chapter 10, Part 13 for isolation and restraint of students.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – LEAs will retain local funding that would have been allocated to residential mental health facilities in the absence of this bill. The extent of any retained funding is unknown but is reasonably estimated to exceed \$1,000,000 statewide in FY14-15 and subsequent fiscal years. It is assumed that the retained funding will be shifted to other LEA operational expenditures; as a result, there is no decrease in local government expenditures.**

Assumptions:

- No impact in the amounts of state or local funding required by the BEP funding formula.
- The LEAs will not send local BEP per pupil funding to residential mental health facilities.
- In FY13-14, the BEP local per pupil expenditure was \$3,333 or approximately \$18.52 per school day (\$3,333 / 180 school days). LEAs will retain an additional \$18.52 per school day under this bill. It is estimated that this amount will increase in FY14-15 and subsequent fiscal years due to the natural growth of required BEP funding.
- Based on information received from the Department of Education, if one percent of students were placed in a residential mental facility for 10 days, the minimum amount of

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retained local funding will exceed \$1,000,000 statewide in FY14-15 and subsequent fiscal year.

- Funding that LEAs retain will be used for other LEA operational expenditures.
- Any fiscal impact as a result of reducing funding to state-licensed residential mental health facilities will be borne by the facility.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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